

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

April 21, 2008

Ambassador Melvin Redondo
Chief Trade Negotiator
Ministry of Industry and Trade
Tegucigalpa, Honduras

Dear Ambassador Redondo:

I have the honor to confirm the following understandings reached between our Governments in the course of consultations under Article 3.23.4 of the Dominican Republic – Central America – United States Free Trade Agreement (the “Agreement”), which shall take effect in the event that the United States applies a safeguard measure, as described in its January 18, 2008, written notice, to certain imports of originating cotton socks of Honduras:

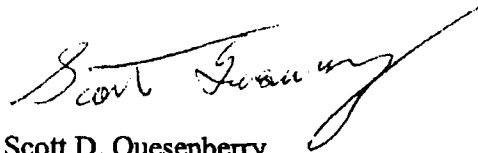
- (1) The safeguard measure:
 - (a) shall apply to originating cotton socks of Honduras classifiable in subheading 6115.95 of the Harmonized Tariff Schedule of the United States;
 - (b) shall apply solely to goods that enter the United States, or are withdrawn from warehouse for consumption, during the period July 1, 2008 through December 31, 2008; and
 - (c) shall take the form of a duty of five percent or less *ad valorem* on the full value of the goods, regardless of the value of any U.S. content of such goods.
- (2) The Government of the United States shall not be required to provide trade compensation, and the Government of Honduras shall not take any tariff action, under Article 3.23.6 of the Agreement with respect to the safeguard measure.
- (3) The Government of Honduras shall not:
 - (a) initiate any type of dispute settlement procedure against the United States under Chapter Twenty of the Agreement or any other agreement to which Honduras and the United States are parties regarding a safeguard measure; or
 - (b) initiate or participate in any litigation in a court of the United States or other proceeding challenging the validity or application of the safeguard measure.

Mr. Scott Quesenberry
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- (4) The Government of the United States shall not:
 - (a) extend the safeguard measure beyond December 31, 2008; or
 - (b) consistent with Article 3.23.5(b) of the Agreement, re-impose the safeguard measure on originating cotton socks of Honduras.
- (5) These understandings shall not prejudice either Government's rights or obligations with respect to any other safeguard measure under Article 3.23 of the Agreement or any other agreement.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott Quesenberry", written in dark ink.

Scott D. Quesenberry
Special Textile Negotiator



**Secretaría de Industria y Comercio
República de Honduras**

April 21, 2008

Scott D. Quesenberry
Special Textile Negotiator
Office of the United States Trade Representative
600 Seventeenth Street, N.W.
Washington, DC 20508

Dear Mr. Quesenberry:

I am pleased to acknowledge your letter of today's date, which reads as follows:

"I have the honor to confirm the following understandings reached between our Governments in the course of consultations under Article 3.23.4 of the Dominican Republic – Central America – United States Free Trade Agreement (the "Agreement"), which shall take effect in the event that the United States applies a safeguard measure, as described in its January 18, 2008, written notice, to certain imports of originating cotton socks of Honduras:

- (1) The safeguard measure:
 - (a) shall apply to originating cotton socks of Honduras classifiable in subheading 6115.95 of the Harmonized Tariff Schedule of the United States;
 - (b) shall apply solely to goods that enter the United States, or are withdrawn from warehouse for consumption, during the period July 1, 2008 through December 31, 2008; and
 - (c) shall take the form of a duty of five percent or less ad valorem on the full value of the goods, regardless of the value of any U.S. content of such goods.
- (2) The Government of the United States shall not be required to provide trade compensation, and the Government of Honduras shall not take any tariff action, under Article 3.23.6 of the Agreement with respect to the safeguard measure.
- (3) The Government of Honduras shall not:
 - (a) initiate any type of dispute settlement procedure against the United States under Chapter Twenty of the Agreement or any other agreement to which Honduras and the United States are parties regarding a safeguard measure; or

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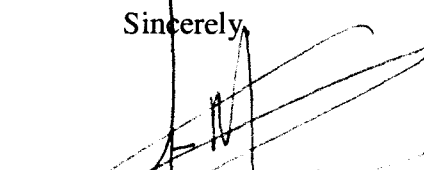


**Secretaría de Industria y Comercio
República de Honduras**

- (b) initiate or participate in any litigation in a court of the United States or other proceeding challenging the validity or application of the safeguard measure.
- (4) The Government of the United States shall not:
 - (a) extend the safeguard measure beyond December 31, 2008; or
 - (b) consistent with Article 3.23.5(b) of the Agreement, re-impose the safeguard measure on originating cotton socks of Honduras.
- (5) These understandings shall not prejudice either Government's rights or obligations with respect to any other safeguard measure under Article 3.23 of the Agreement or any other agreement."

I have the honor to confirm that the understandings referred to in your letter are shared by my Government, and that your letter and this reply shall constitute an agreement between our two Governments.

Sincerely,


Melvin Redondo
Chief Trade Negotiator